

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FAILURE OF BAIDEN GAS COMPANY TO)
COMPLY WITH COMMISSION REGULATIONS) CASE NO. 9954

SHOW CAUSE ORDER

On March 10, 1987, the Commission's Gas Pipeline Safety Branch received a report of an accident concerning a customer of the Baiden Gas Company ("Baiden"). Julie Ratliff reported that a fire had destroyed a dwelling owned by Carl Ratliff and had caused appliance damage in numerous homes served by a gas well on the Baiden system. Ms. Ratliff also reported that the accident had occurred on February 16, 1987.

On March 11, 1987, the Commission conducted an accident investigation, and a copy of the report is attached as Appendix A. The Commission investigator met with Jerry Garden, operator of Baiden, and Carl Ratliff, owner of the dwelling that was destroyed. A copy of the report was submitted to Baiden on May 14, 1987, requesting a response no later than June 10, 1987.

Baiden is a natural gas production and gathering company located near Louisa in Lawrence County, Kentucky, and a natural gas utility jurisdictional to the Commission pursuant to KRS 278.010(3)(b). Although operated by Mr. Garden, Baiden is owned by Thelma Bailey, who lives in Salem, Illinois. Baiden has approximately 20 active wells, selling most of its gas to

Columbia Gas Transmission Corporation ("Columbia"). However, there are 240 farm tap customers served by Baiden pursuant to KRS 278.485. Approximately 100 customers receive free gas through right-of-way contracts. A compressor station is located on the system at a point just beyond the interconnection of the gathering lines from the various wells. The system continues beyond the compressor station for approximately one-half mile, at which point the pipeline interconnects with Columbia. All the customers are located upstream of the compressor station.

During the course of the accident investigation, numerous violations to Commission regulations were observed. When gas service is initiated pursuant to KRS 278.485, the design, construction, and installation of the hookup must comply with 807 KAR 5:026. Hookups for gas service through right-of-way contracts must also comply with 807 KAR 5:026. Based upon this investigation, virtually none of the approximately 240 hookups comply with 807 KAR 5:026.

The investigation determined that the accident was caused by overpressure of eight service lines when a regulator failed in the open position. According to Mr. Ratliff, during an earlier ice storm the regulator that was serving the eight customers became encased in ice. When the vent is stopped up with ice, the diaphragm cannot breathe, which may cause the regulator to fail in the open position, allowing full pipeline pressure to enter the service lines. The investigator also noted that the regulator was rusted, and neither the manufacturer's name nor model number of the regulator could be determined.

807 KAR 5:026 requires a one-inch high pressure regulator, a three-quarter inch pressure relief valve, and a spring-loaded screened vent. While the hookup that was the source of the accident had a regulator on the supply-side (company-side) of the meter, it did not have the automatic shut-off and manual reset as required by 807 KAR 5:026. The hookup also did not consist of a relief valve set to relieve pressure on the downstream-side (customer-side) of the meter, also required by 807 KAR 5:026.

Further investigation of the Baiden system revealed plastic pipe in use that is unapproved for gas service, approved plastic pipe not buried, and the use of unapproved fittings and unauthorized installers on plastic pipe. These are violations of 807 KAR 5:026, Section 6(9), and 807 KAR 5:022, Section 6(6), (7), (8), and (9).

Mr. Garden stated that he has operated Baiden for approximately 5 years and that the gas service hookups existed when he arrived. He also stated that he was unaware of his responsibility to see that customers installed their gas service hookups to comply with KRS 278.485 and 807 KAR 5:026. When the investigator noted that the accident had not been reported by Baiden, Mr. Garden responded that he was unaware of the reporting requirements in 807 KAR 5:027, Section 4(1).

On May 26, 1987, Baiden filed a response to the accident investigation report which stated that: each customer will be provided a drawing and material list to enable them to properly install the hookup, all approved plastic pipe will be buried, and

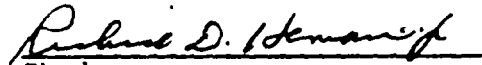
all unapproved plastic in use will be removed. These actions would be completed by July 31, 1987.


Based upon its review of the record, the Commission is of the opinion that more substantive information is required from Baiden regarding correction of its noncompliances. With the inadequate pressure regulation on most of Baiden's customer hookups, the Commission considers each to be a potentially hazardous situation. The Commission is also concerned about the potentially hazardous use of unapproved plastic pipe for gas service and the failure to bury plastic pipe in service. Therefore, the Commission finds it necessary for Baiden to demonstrate in a more substantive manner how it intends to comply with KRS 278.485 and Commission regulations and why it should not be fined for the violations cited herein.

IT IS THEREFORE ORDERED that Baiden shall appear before the Commission on July 14, 1987, at 1:30 p.m., Eastern Daylight Time, in the Commission's offices, Frankfort, Kentucky, to show cause why it should not be fined pursuant to KRS 278.990 for violating KRS 278.485 and 807 KAR 5:022, 5:026, and 5:027, and to demonstrate with more substantive information what corrective action it intends to take to comply with the regulations.

Done at Frankfort, Kentucky, this 26th day of June, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director